CLAIM AMENDMENTS:

Please cancel Claims 4, 11-13, 15, and 17, and amend Claims 1-3, 14, and 16 as follows:

1. (Currently Amended) An image processing method of generating [[an]] a display image of a virtual space ~~formed from~~ including a virtual object ~~including~~ consisting of at least one part, ~~characterized by~~ comprising:

a first acquisition step of acquiring a position and orientation of a viewpoint of an observer;

a second acquisition step of acquiring a position and orientation of a pointing device ~~which is worn by the observer on a hand to execute various kinds of operations~~;

a calculation step of calculating a position of a list image in the virtual space based on the positions of the viewpoint and the pointing device, wherein the calculated position of the list image is near the position of the pointing device and closer to the position of the viewpoint than that of the pointing device, wherein the list image represents a list of pieces of information about one or more parts, included the virtual object, near the position of the pointing device;

a layout step of laying out [[a]] the list image ~~to display a list of pieces of information about the parts near the position acquired in the second acquisition step~~ at the calculated position in the virtual space;

a virtual space image generation step of generating the display image of the virtual space ~~after laying~~ , in which the laid out [[the]] list image and the virtual object are

included, ~~which is seen in accordance with~~ on the basis of the acquired position and orientation of the viewpoint; and

a composition step of ~~an output step of outputting the image generated in the virtual space image generation step to a predetermined display device~~ composing the generated display image of the virtual space and an image of a physical space seen in accordance with the position and orientation of the viewpoint to display the composed image at a head mounted display mounted on the observer's head.

2. (Currently Amended) The method according to Claim 1, ~~characterized in that~~ wherein in the layout step, the list image is laid out ~~while making a plane of the list image, on which the pieces of information about the parts are described, visible from the position and~~ at the orientation of the viewpoint.

3. (Currently Amended) The method according to Claim 1, ~~characterized in that~~ wherein in the ~~layout~~ calculation step, the position of the list image is ~~laid out at~~ calculated to be a position that internally divides a line segment connecting between the positions of the viewpoint and the pointing device ~~acquired in the first acquisition step and the position acquired in the second acquisition step to t : (1-t)~~.

4. (Cancelled)

5. (Original) The method according to Claim 1, characterized by further

comprising a conversion step of converting the list image into a semitransparent image in accordance with an instruction to change the list image to the semitransparent image.

6. (Original) The method according to claim 1, characterized by further comprising

a determination step of determining on the basis of the position and orientation of the viewpoint and a position of the virtual object whether the virtual object is present in a direction of line of sight of the viewpoint, and

a transparency control step of, when it is. determined in the determination step that the virtual object is present, making a transparency of the list image higher than that when it is determined in the determination step that the virtual object is not present.

7. (Original) The method according to Claim 1, characterized by further comprising

a distance calculation step of calculating a distance between the position of the pointing device and the position of the virtual object, and

a list image generation step of generating the list image to display the list of pieces of information about the parts up to a layer level corresponding to the distance calculated in the distance calculation step in a hierarchical structure of the parts included in the virtual object.

8. (Original) The method according to Claim 1, characterized in that the list image is an image to display a list of pieces of information about, of the parts included in the virtual object, a part at a position closest to the position of the pointing device acquired in the second acquisition step.

9. (Original) The method according to Claim 1, characterized in that in the virtual space image generation step, when the list image overlaps a hand region in the physical space image acquired in the physical space image acquisition step, the image of the virtual space is generated on the basis of priority data to designate which of the hand region and the list image should be rendered in front.

10. (Original) The method according to Claim 9, characterized by further comprising a designation step of designating which of the hand region and the list image should be rendered in front,

wherein in the designation step, designated contents are set to the priority data.

11. - 13. (Cancelled)

14. (Currently Amended) An image processing apparatus of generating [[an]] a display image of a virtual space ~~formed from~~ including a virtual object ~~including~~ consisting of at least one part, ~~characterized by~~ comprising:

a first acquisition unit adapted to acquire a position and orientation of a viewpoint of an observer;

a second acquisition unit adapted to acquire a position and orientation of a pointing device ~~which is worn by the observer on a hand to execute various kinds of operations~~;

a calculation unit for calculating a position of a list image in the virtual space based on the positions of the viewpoint and the pointing device, wherein the calculated position of the list image is near the position of the pointing device and closer to the position of the viewpoint than that of the pointing device, wherein the list image represents a list of pieces of information about one or more parts, included the virtual object, near the position of the pointing device;

a layout unit adapted to lay out [[a]] the list image ~~to display a list of pieces of information about the parts near the position acquired by said second acquisition unit~~ at the calculated position in the virtual space;

a virtual space image generation unit adapted to generate the display image of the virtual space ~~after laying~~, in which the laid out [[the]] list image and the virtual object are included, ~~which is seen in accordance with~~ on the basis of the acquired position and orientation of the viewpoint; and

a composition unit for ~~output unit adapted to output the image generated by said virtual space image generation unit to a predetermined display device~~ composing the generated display image of the virtual space and an image of a physical space seen in accordance with the position and orientation of the viewpoint to display the composed image

at a head mounted display mounted on the observer's head.

15. (Cancelled)

16. (Currently Amended) A computer-readable storage medium having a program stored therein, said program being characterized by causing a computer to execute an image processing method of Claim 1.

17. (Cancelled)